

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter, Jr.
Governor
Todd Saliman
Director

January 5, 2010

The Honorable Jack Pommer
Chairman
Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Representative Pommer:

Thank you for the opportunity to submit Governor Ritter's supplemental budget request for FY 2009-10 for regular adjustments to the FY 2009-10 budget and associated budget amendments to the FY 2010-11 budget which was submitted on November 6, 2009. This supplemental budget request package, delivered on January 4th, is submitted pursuant to Section 24-37-304 (1) (b.5) and (c) and Section 24-11-110, C.R.S.

The December 2009 Legislative Council Staff (LCS) economic forecast indicates an additional General Fund shortfall for FY 2009-10 and FY 2010-11. This supplemental and budget amendment package does not include budget balancing initiatives attributable to this LCS December 2009 revenue forecast.

These FY 2009-10 supplemental requests include reductions of \$684,476 net General Fund, including reductions of \$576,476 General Fund subject to the S.B. 09-228 limit and reductions of \$108,000 General Fund which is exempt from the S.B. 09-228 limit. Note that the General Fund Exempt reduction of \$108,000 is reflected in the Departments of Health Care Policy and Financing and Public Health and Environment FY 2009-10 base budget reconciliations which were submitted on November 6, 2009; these base budget adjustments were made to conform to the OSPB September 2009 economic forecast for Amendment 35. Please also note that included in the FY 2009-10 supplemental package is a Department of Personnel and Administration request for \$50,000 cash funds (DPA #3). This request results in a \$50,000 reduction to the \$800,000 procurement card General Fund revenue estimate for FY 2009-10 submitted on August 25th. The revenue augmentation estimate from this procurement initiative is now instead \$750,000 General Fund for FY 2009-10.

The associated FY 2010-11 budget amendments provided in this package contain department net reductions of \$25.4 million General Fund. These budget amendments include FY 2010-11 *department-specific* General Fund reductions of \$20.3 million associated with the 2.5 percent salary reduction/PERA proposal. This sum is \$0.2 million General Fund greater than the \$20.1

million General Fund *statewide* sum estimated in the Governor's November 6, 2009 balancing placeholder for FY 2010-11. Please note, the associated *statewide placeholder* noted in November of \$20.1 million General Fund is eliminated, instead replaced with individual department adjustments for the 2.5 percent salary reduction/PERA proposal. Thus, the net impact of this request is a \$0.2 million General Fund savings higher than initially projected in the November 6, 2009 transmittal letter. Fiscal Year 2010-11 budget amendments also include \$6.7 million General Fund associated with annualization of a December 1, 2009, FY 2009-10 HCPF budget reduction initiative on provider rate reductions, offset by other General Fund changes, including an increase of \$0.6 million attributable to the retraction of the Department of Human Services (DHS) Therapeutic Residential Child Care Facility reduction which was previously submitted on December 1, 2009.

The FY 2009-10 supplementals are submitted subsequent to Governor Ritter's two current FY 2009-10 balancing packages, following the passage of the budget by the General Assembly. Governor Ritter's August 25, 2009, balancing package was based on the revenues in the *June 2009* Legislative Council Staff economic forecast and responded with \$313.4 million General Fund of balancing initiatives. Governor Ritter's December 1, 2009, balancing package reflected the revenues in the *September 2009* Legislative Council Staff economic forecast and responded with \$276.3 million General Fund of balancing initiatives.

The FY 2010-11 budget amendments are submitted subsequent to Governor Ritter's FY 2010-11 November 6, 2009 budget request. This FY 2010-11 request reflected \$255.6 million General Fund in cost avoidance and \$1.02 billion of General Fund budget balancing initiatives.

The Governor's Office of State Planning and Budgeting will submit balancing initiatives for FY 2009-10 on January 27, 2010 and for FY 2010-11 on February 16, 2010 that reflect the December 2009 Legislative Council Staff revenue estimates. Regular stand-alone amendments to the FY 2010-11 budget request will be submitted as scheduled on January 25th. We will also submit final regular FY 2009-10 and FY 2010-11 budget requests by no later than February 16, 2010, that will reflect all up-to-date caseload-related cost estimates for the Department of Health Care Policy and Financing - Medicaid, Department of Human Services - Division of Youth Corrections and Medicaid,, Corrections, and Public Safety and will provide associated final balancing measures for the State General Fund budget once again for FY 2009-10 and FY 2010-11.

Thank you in advance for your consideration of these requests. Should you have any questions about any of these requests, please do not contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Saliman", written over the word "Sincerely,".

Todd Saliman
Director, Office of State Planning and Budgeting

cc: Senator Moe Keller, Joint Budget Committee Vice-chairman
Senator Al White, Joint Budget Committee Member
Senator Abel Tapia, Joint Budget Committee Member
Representative Mark Ferrandino, Joint Budget Committee Member
Representative Kent Lambert, Joint Budget Committee Member
Speaker of the House Terrance Carroll
Senate President Brandon Shaffer
Mr. John Ziegler, Joint Budget Committee Staff Director
Mr. Jim Carpenter, Chief of Staff, Governor Bill Ritter, Jr.
Mr. Don Elliman, Chief Operating Officer, Governor Bill Ritter, Jr.